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## **Fishery Products**

## **Annual Part 2 (policy)**

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### **Report Highlights:**

**2002 was a crucial year for the reform of the EU's Common Fisheries Policy. The EU's Fisheries Council had to decide before December 31, 2002, on new measures to address inadequacies such as over-exploitation, over-capacity of the EU fleet and insufficient control. This report complements FAS report E22124 which provided statistical data on EU fish catches, aquaculture, the EU fishing fleet and imports and exports.**

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## **EXECUTIVE SUMMARY**

2002 was a crucial year for the reform of the EU's Common Fisheries Policy (CFP). The publication in 2001 of a green Paper on the Future of the CFP and the resulting debate, revealed the failure of the current CFP. The EU's Fisheries Council had to decide before December 31, 2002, on new measures to address inadequacies such as over-exploitation, over-capacity of the EU fleet and insufficient control.

The Fisheries Council's compromise deal was heavily criticized. European fishermen claim that the new measures to reduce fish catches will bankrupt them while environmental groups warn that this deal does not go far enough to save the targeted species and that the environment is being sacrificed for economic gain. The Council set catch quotas for 2003, adopted a multi-annual approach to fisheries management (recovery & management plans), introduced limited fishing effort as a policy instrument and new measures to strengthen and harmonize inspection measures.

The U.S. is one of the "pre-listed" countries that have not yet been inspected by the EU's Food and Veterinary Office and has a provisional clearance to export fishery products to the EU until December 31, 2003. EU inspections will need to be started by July 2003 in order for the U.S. to be recognized as a "fully harmonized" country. If the process is not completed in time, U.S. shipments of seafood to the U.S. would be cut off starting January 1, 2004.

This report complements FAS report E22124 which provided statistical data on EU fish catches, aquaculture, the EU fishing fleet and imports and exports.

## **POLICY - PRODUCTION POLICY**

### **COMMON FISHERIES POLICY (CFP)**

#### **Intro**

Council Regulation 3760/92 establishing a Community System for Fisheries and Aquaculture required the European Commission to present to the European Parliament and the Council, a report evaluating the fisheries situation in the EU by December 31, 2001. In March 2001, the Commission published the required report and a Green Paper on the Future of the Common Fisheries Policy. Based on that report, the Council had to decide before December 31, 2002, on any necessary adjustments.

The publication of the "Green Paper" and the resulting debate on the future of the CFP revealed the failure of the current CFP. Critical internal weaknesses such as the alarming state of many fish stocks due to over-exploitation, over-capacity of the EU fleet, insufficient control and enforcement arrangements, failure to involve the industry, a misguided aid policy and the sector's economic fragility called for a thorough reform of the CFP. External challenges such as the EU's enlargement with countries with a significant aquaculture production, expanding world trade, developing countries' aspirations to develop their fishing industry and changing consumer habits also needed to be addressed.

Links:

- Green Paper: [http://europa.eu.int/comm/fisheries/greenpaper/green1\\_en.htm#volume1](http://europa.eu.int/comm/fisheries/greenpaper/green1_en.htm#volume1)

### **Outcome of the December 2002 Fisheries Council**

2002 was to be a crucial year for the EU's fisheries policy with the current CFP expiring at the end of December. In the course of 2002, the European Commission tabled several proposals which caused a lot of controversy. This year, in addition to setting fishing possibilities for 2003, the EU fisheries ministers had to decide in December on the politically sensitive CFP reform.

The Fisheries Council reached a compromise which was condemned by the European fishermen who claim that it will bankrupt them while environmental groups warned that the deal did not go far enough to save fishing resources. The Council agreed on three major issues:

- 1) setting up total allowable catches (TACs) and quotas for 2003 which include substantial reductions for a number of threatened species
- 2) emergency measures to save some cod stocks from extinction
- 3) the reform of the CFP

### **Total Allowable Catches (TACs) 2003**

**Council Regulation 2341/2002** (Official Journal L 356) fixes for 2003 the fishing opportunities and associated conditions for certain fish stocks and groups of fish stocks, applicable in Community waters and, for Community vessels, in waters where catch limitations are required. Annex I to this regulation lists the fishing opportunities applicable for community vessels in areas where catch limitations exist and for vessels from third countries in community waters, by species and by area: Annex I A Baltic Sea; Annex I B Skagerrak and Kattegat and North Sea; Annex I C North East Atlantic and Greenland; Annex I D Western Community Waters; Annex I E North West Atlantic; Annex I F Highly Migratory Fish (all areas) and Annex I G Antarctic.

Please refer to report E22124 for statistical information on EU fish catches.

### **Emergency measures**

Given the near depletion of some cod stocks, scientists from the International Council for the Exploration of the Sea (ICES) and the Scientific, Technical, Economic Committee of Fisheries (STECF) had advised a moratorium on cod fishing. To avoid the social and economic impact of such a drastic measure, the Commission had proposed to reduce the TAC for cod in the North Sea by 66%. The Council decided on a 45% cut of the 2002 quota for cod; for associated species (species caught together with cod) the TACs were cut by 50% for haddock, by 60% for whiting and by 5% for plaice.

The Fisheries Council also agreed on introducing the concept of fishing effort as a policy instrument. The number of days that fishermen can spend at sea will be proportional to the fishing gears they are using. This approach has been successfully practiced in Norway and would give stocks the time they need to recover. The table below shows the effort limitations for **cod** defined according to fishing gear and fishing area, a transitional measure effective from February 1, 2003, until a long-term cod recovery plan will come into effect on July 1, 2003.

Annex XVII sets out the fishing effort conditions for cod:

Allocation of days at sea per month	Gear					
Areas	A	B	C	D	E	F
Kattegat and Skagerrak	9	0	16	19	25	23
North Sea	9	15	16	19	25	23
West of Scotland	9	15	16	19	25	23

A = demersal trawls, seines or similar towed gears of mesh size equal to or greater than 100 mm except for beam trawls

B = beam trawls of mesh size equal to or greater than 80 mm

C = static demersal nets including gill nets, trammel nets and tangle nets

D = demersal long lines

E = demersal trawls, seines or similar towed gears of mesh size between 70 mm and 99 mm except beam trawls

F = demersal trawls, seines or similar towed gears of mesh size between 16 mm and 31 mm except beam trawls

Links: Official Journal L 356 can be downloaded from  
<http://europa.eu.int/eur-lex/en/oj/index-list.html>

On December 23, 2002, the European Commission transmitted its amended proposal establishing measures for the recovery of cod and hake stocks to the Council and to the European Parliament. The proposal provides for a multi-annual recovery plan for these stocks. In addition to the northern hake and cod in the North Sea and to the west of Scotland, the proposal also refers to cod in the Kattegat and in the Irish Sea where these stocks are equally imperilled.

The text of the proposal can be downloaded from:

[http://europa.eu.int/eur-lex/en/com/pdf/2002/com2002\\_0773en01.pdf](http://europa.eu.int/eur-lex/en/com/pdf/2002/com2002_0773en01.pdf)

## **POLICY - REFORM OF THE CFP**

The Fisheries Council adopted new measures, entering into force on January 1, 2003, which replaced the basic rules of the 1993 CFP (Council Regulation 3760/92) and which significantly amended the regulation on structural assistance in the fisheries sector through the Financial Instrument of Fisheries Guidance (FIFG). A new regulation establishing an emergency fund to encourage the decommissioning of vessels, the so-called "Scrapping Fund" was also adopted. The scope and objectives of the new CFP (Council Regulation 2371/2002) are: conservation, management and exploitation of living aquatic resources, limitation of the environmental impact of fishing, conditions of access to waters and resources, structural policy and the management of the fleet capacity, control and enforcement, aquaculture, common organization of the markets and international relations.

## **Conservation and sustainable exploitation of fisheries resources under the Common**

## **Fisheries Policy**

A multi-annual approach to fisheries management was adopted, involving multi-annual management plans for stocks within safe biological limits and multi-annual recovery plans for stocks outside safe biological limits. Based on the precautionary approach, substantial reductions in fishing effort may be required for these stocks. The multi-annual plans must establish how the annual catch and/or fishing effort limits will be calculated and include other specific management measures as appropriate. This approach should avoid sudden changes in catch limits and provide greater stability for fishermen.

In case of a serious threat to the conservation of resources or to the marine eco-system resulting from fishing activities, the Commission may take emergency decisions applicable for a period of 6 months and renewable for 6 months. Emergency measures taken by member states for their own waters may not exceed 3 months. Member states may also adopt conservation and management measures applicable to all fishing vessels within their 12-miles zones.

## **Fleet policy and financial aid**

The Commission estimated that the EU fleet still has a 40% overcapacity for the available fishing resources in EU waters. As of 2004, subsidies to renew the fleet will be discontinued. The former inadequate Multi-Annual Guidance Programs (MAGPs) will be replaced by a simplified system to bring the fishing capacity of the EU fleet more into balance with the available resources. The new system includes the following measures:

- Reference levels, expressed in GT (gross tonnage) and kW (engine power) will be set based on the 2002 MAGP levels and member states must make sure that these levels are not exceeded. If a vessel is withdrawn from the fleet with public aid, the reference levels will be automatically and permanently reduced by an equivalent capacity.
- Entry/Exit scheme: for each new entry into the fleet with public aid, member states have to withdraw, without aid, an equivalent capacity for vessels up to 100 GT or at least 1.35 times the amount of capacity for vessels over 100 GT. During the period 2003-2004, member states that grant public aid for fleet renewal must reduce the overall capacity of their fleet by 3% compared to their reference levels.

## **Structural assistance in the fisheries sector**

Council Regulation 2369/2002 (Official Journal L 358) amends regulation 2792/1999 on structural assistance in the fisheries sector. EU financial aid through the Financial Instrument for Fisheries Guidance (FIFG) for fleet renewal is being discontinued and will only be available until the end of 2004. Financial aid is restricted to member states who comply with the Entry/Exit scheme and the reference levels. Aid for modernization will be available for vessels of at least five years old and may be used to improve safety, working conditions, hygiene and product quality, switch to more selective fishing techniques or to equip the vessels with Vessel Monitoring Systems. Modernization may not increase the vessel's ability to catch fish. Financial aid will also be available until the end of 2004 for permanent transfers of vessels to third countries with which the EU has signed a fisheries agreement (excluding candidate countries) or in the framework of

joint enterprises. Member states may grant financial aid, for 3 consecutive months or for a total 6 months between 2000 and 2006, to fishermen and vessel owners who have to temporarily stop their fishing activities in the event of unforeseen circumstances. Aid to reconvert fishermen to professional activities outside the fisheries sector has also been included.

### **Emergency Community measures for scrapping fishing vessels**

Council Regulation 2370/2002 (Official Journal L 358) establishes emergency Community measures for scrapping fishing vessels. For the period 2003 to 2006, vessel owners severely affected by a recovery plan (a reduction of 25% or more in fishing opportunities) will be eligible for additional compensation for the scrapping of their vessels. A budget of 32 billion EUR has been established to help member states achieve the substantial reductions in fishing effort resulting from recovery plans.

### **Inspection and Enforcement**

In December 2002, the European Commission presented a report on fishermen's conduct seriously infringing the rules of the CFP in 2001. The report identifies the fragmentation of control measures as one of the weaknesses in enforcing CFP rules. It gives an overview of the number of serious breaches by member state in 2001, average fines and the number of breaches by type of behavior and by member state in 2001. The reformed CFP establishes new measures to strengthen and harmonize inspection and enforcement of CFP rules (art. 24 of regulation 2371/2002).

### **Decision-making procedure**

CFP rules are adopted under the "consultation procedure". Critics say that the failure of the former CFP was partly due to the fact that fishermen and other interest groups were not involved in the decision-making process. Under the reformed CFP, Regional Advisory Councils (RACs) will be established by the Council. They will be composed of fishermen, representatives of the fisheries and aquaculture sectors, environmental and consumer groups, scientific experts and national and regional authorities from any member state. RACs may be consulted by the European Commission to submit proposals for measures, recommendations and suggestions on matters relating to fisheries management or to inform the Commission of problems relating to the implementation of CFP rules.

Links: Official Journal L 358 can be downloaded from  
<http://europa.eu.int/eur-lex/en/oj/index-list.html>.

### **COMPENSATION TO THE SPANISH FISHING INDUSTRY**

In November 2002, the oil tanker "Prestige" was shipwrecked off the coast of Galicia and leaked 77,000 MT of heavy fuel oil. As a result of the oil pollution, fisheries, all shellfishing and certain aquaculture activities have been forbidden along large parts of the Spanish Atlantic Coast. Council Regulation 2372/2002 (Official Journal L 358) derogates from regulation 2792/1999 (see chapter financial aid) by granting compensation not only to fishermen and vessel owners but exceptionally also to persons and owners of enterprises engaged in the Spanish shellfish industry and

aquaculture affected by the oil spill. The magnitude of this environmental disaster is not yet clear as the oil is now also polluting parts of the French Atlantic coast.

## ENLARGEMENT

According to the European Commission, the impact that enlargement will have on the CFP will be limited. Of the 13 candidate countries, ten are coastal states. Of the twelve countries which have already opened accession negotiation, only Poland and the three Baltic countries (Estonia, Lithuania and Latvia) have an important fisheries sector. The total catches of the 13 countries (including Turkey) represent 18% of the total Community catches in volume, without Turkey the catches of the 12 countries are less than 10% of that total.

Candidate Country	Catches (tonnes live weight) - 2000
Estonia	113,347
Latvia	136,403
Lithuania	78,986
Poland	205,057
Turkey	503,352

## POLICY - TRADE AGREEMENTS

To date, the EU has concluded fisheries agreements with 25 third countries of which 16 are African, Caribbean & Pacific (ACP) states. In the light of commitments taken at the 2002 World Summit on Sustainable Development in Johannesburg, the European Commission issued a communication in December 2002, on ways to improve these fisheries agreements. The communication focuses on those agreements concluded with third countries that involve the payment of a financial compensation in return for access to identified fishing possibilities for EU vessels. As many third countries where EU vessels used to fish are now also confronted with depleted fish stocks, the Commission proposes to move from access agreements to "Partnership Agreements". Partnership Agreements would take into account environmental needs as well as development needs. The EU financial contribution is to be regarded as an investment for the improvement of responsible and rational fishing and not just as a payment for access rights. The objective is to ensure the protection of the EU distant-water fleet and to strengthen the conditions to achieve sustainable fisheries in the waters of the partner concerned by promoting scientific research, surveillance of fisheries activities, training and development of the local fisheries sector. The most recent agreements concluded between the EU and Senegal and Angola were based on such targeted actions.

Links: the text of the communication can be downloaded from [http://europa.eu.int/comm/fisheries/doc\\_et\\_publ/factsheets/legal\\_texts/docscom/en/com\\_02\\_637\\_en.pdf](http://europa.eu.int/comm/fisheries/doc_et_publ/factsheets/legal_texts/docscom/en/com_02_637_en.pdf).

## POLICY - IMPORT POLICY



The EU classifies third countries into two categories for the import of fishery products and bivalve mollusks for human consumption (Commission Decisions 2002/863/EC and 2002/469/EC). The first category includes "fully harmonized" countries whose processing systems and health standards are at least equivalent to the EU's and whose competent authorities have been audited by a EU inspection team. The second category consists of "pre-listed" countries which means that, although they have not yet been inspected by the EU's Food and Veterinary Office, their legislation and control measure have been judged equivalent to the EU's. The U.S. is one of the "pre-listed" countries in the second category that have a provisional clearance until December 31, 2003 (Council Decision 2001/4/EC). Products imported from countries in the second category may be subject to additional national legislation and may only be marketed in the importing member state.

In 1999, the EU and the U.S. signed a Veterinary Equivalency Agreement (VEA) to avoid the disruption in trade of animal products. Under the VEA, the EU must audit the U.S. seafood inspection system in order for the U.S. to be recognized as a "fully harmonized" country. An EU audit has been delayed several times because no agreement could be reached on "confidentiality" i.e. the disclosure of company documents. The EU and the U.S. are currently negotiating an alternative way to conduct the seafood audit. If an EU audit of the U.S. seafood inspection system is not completed before the end of December 2003, U.S. seafood exports to the EU would be cut off starting January 1, 2004.

Commission Decision 97/296/EC, last amended by Decision 2002/863/EC, draws up a list of third countries from which the import of fishery products for human consumption is authorized. Currently, Part I of this list contains 72 "fully harmonized" countries and 35 "pre-listed" countries. Commission Decision 97/20/EC, last amended by Decision 2002/469/EC, lists the third countries from which the import of bivalve molluscs, echinoderms, tunicates and marine gastropods is authorized. The list contains 12 "fully authorized" countries and 4 "pre-listed" countries.

For aquaculture products, additional requirements relating to residues of veterinary medicinal products apply. Third countries exporting aquaculture products to the EU must be listed in the Commission Decision granting provisional approval of residue plans. The U.S. is included in the list of third countries in Commission Decision 2002/336/EC (Official Journal L 116).

Links: Third country lists can be accessed through our webpage on seafood [www.useu.be/agri/seafood2.html](http://www.useu.be/agri/seafood2.html) and Official Journal L 116 published in May 2002 can be downloaded from <http://europa.eu.int/eur-lex/en/oj/index-list.html>.

### **Import Policy - Veterinary legislation**

Directives 91/492/EC and 91/493/EC, as amended, lay down health conditions for domestic and third country production of live bivalve mollusks and fishery products and set standards for handling, processing, storing and transporting. Directive 97/78/EC, as amended, lays down principles for veterinary checks on products imported from third countries. Inspections of shipments include: documentary check (health certificate), identity check (visual inspection to ensure consistency between certificates and product) and physical check (inspection of the product itself). Each shipment must be accompanied by a health certificate using the model provided by



Commission Decision 2001/67/EC for fishery products and by Commission Decision 96/333/EC for mollusks, echinoderms, tunicates and marine gastropods. In the U.S., both the Food and Drug Administration and the National Marine Fisheries Service have the authority to issue certificates for export to the EU.

Links: veterinary legislation can be accessed through our webpage on seafood [www.useu.be/agri/seafood2.html](http://www.useu.be/agri/seafood2.html).

In 2002, following the detection of nitrofurans and chloramphenicol, the EU banned the import of certain fishery and aquaculture products from Pakistan, Vietnam, Myanmar, Thailand and China. Commission Decision 2002/770/EC revoked the protective measures for products originating in Vietnam and Commission Decision 2002/771/EC for products originating in Pakistan. Import restrictions for products originating in China have been gradually lifted. Commission Decision 2002/994/EC (Official Journal L 348) lifts the ban for most products except for eels and shrimps.

### Import Policy - Duties & Quotas

As the EU processing industry is becoming more and more dependent on fish supplies from third countries, the EU has temporarily suspended import duties on the following products (Council Regulation 2264/2002):

Description	Rate of duty (%)
Sturgeons, fresh or chilled, for processing	0
Lump fish with roe, fresh or chilled, for processing	0
Red snapper, fresh, chilled or frozen, for processing	0
Hard fish roes, fresh, chilled or frozen	0
Pacific salmon, frozen and headless, for the processing industry	0
Dogfish fillets and meat, fresh, chilled and frozen	6
Hard fish roes, salted or in brine	0
Krill for processing	0
Pacific salmon, for the processing industry for manufacture into pastes or spreads	0
Hard fish roes, washed, cleaned of adherent organs and simply salted or in brine, for processing	0
Crabs of the species "King", "Kegani", "Queen", "Snow", "Red", "Rough Stone", "mud", "Blue", simply boiled in water and shelled, whether or not frozen, in immediate packing of a net content of 2 kg or more	0

Under the Uruguay Round Agreement, the EU agreed to open tariff quotas for certain commodities. The table below shows the WTO quotas for fish, as published in the EU's 2003 Tariff Schedule:

Description	Quota Quantity	Rate of duty (%)
Tunas (for the canning industry)	17,250	0
Herrings	34,000	0
Silver hake	2,000	8
Fish of the genus Coregonus	1,000	6
Fish of the genus Alloscyttus and of the species Pseudocyttus maculatus	200	0
Cod of the species Gadus morhua and Gadus ogac	25,000	0
Shrimps of the species Pandalus borealis, shelled, boiled, frozen but not further prepared	500	0

The tariff quotas for tunas and herrings only apply if the declared customs value is at least equal to the reference price fixed for the product in question.

To ensure an adequate supply of raw materials for the processing industry, the EU's Common Market Organization for fishery and aquaculture products (Council Regulation 104/2000) totally or partially suspends tariff duties for the following products:

Description	Rate of duty
Frozen fillets of Alaska pollack	suspended
Frozen meat of Alaska pollack	suspended
Gadus morhua, Gadus macrocephalus (cod) and Boreogadus saida	reduced to 3%
Surimi intended for processing	reduced to 3.5%
Frozen fillets of blue grenadier for processing	reduced to 3.5%
Frozen meat of blue grenadier for processing	reduced to 3.5%
Prawns (Pandalus borealis) for processing	suspended

Council Regulation 2803/2000 opens annual quotas for the period 2001-2003 for the following fishery products:

Description	Quota Quantity	Rate of duty (%)
Cod livers and fish livers of the species <i>Boreogadus saida</i> , fresh or chilled, for processing	300	0
Cod and fish of the species <i>Boreogadus saida</i> , salted or in brine, for processing	10,000	0
Tubes of squid, for processing	11,000	3.5
Squid, for processing	500	3
Herrings, excl. livers and roes, for processing	20,000	0
Loins of tunas and skipjack, for processing	4,000	6
Herrings, spiced and/or vinegar-cured, for processing	5,000	6

## POLICY - MARKETING POLICY

### Labeling

On January 1, 2002, new labeling requirements for fishery and aquaculture products intended for the retail sector went into force (regulation 2065/2001). All products offered for retail sale in the EU must be properly labeled providing the following information:

- < **commercial name of the species** - each EU member state has established a list of commercial designations
- < **production method** - aquaculture or fishery product. The proper language is "**caught in...**"; "**caught in freshwater**"; "**farmed**" or "**cultivated**". Member states may decide to omit this requirement when the commercial designation and catch area clearly indicate that the species were caught at sea.
- < **catch area** - for products caught at sea, a reference must be made to one of the areas listed in the annex to the regulation (FAO list); products caught in freshwater require a reference to the country of origin, farmed products require a reference to the country in which the product undergoes the final development stage. Operators may opt to provide additional geographical information on the catch area.

To ensure perfect traceability and control at all marketing stages - from the ship to the shop - the information concerning the commercial designation, the production method and the catch area for all fishery and aquaculture products must be provided either on the label, on the packaging or by means of a commercial document accompanying the product, e.g. the invoice.

The regulation only applies to products under Chapter 3 of the Tariff Schedule (fresh, chilled or frozen fish products) and not to processed products. Processed products must comply with the EU labeling requirements established in Directive 2000/13/EC.

Links: - regulation 2065/2001 can be downloaded from [www.useu.be/agri/seafood2.html](http://www.useu.be/agri/seafood2.html).  
- directive 2000/13/EC can be downloaded from [www.useu.be/agri/label.html](http://www.useu.be/agri/label.html)

Council Regulation 2406/96 on marketing standards for certain fishery products requires the compulsory indication of the country of origin and the approval number of the establishment of origin on imports from third countries. The following information must be marked on the package:

fresh & chilled products (Council Regulation 2406/96, as amended)

- < species (scientific and commercial name)
- < country of origin (roman letters, 20mm high)
- < presentation (whole, fillets, etc.)
- < freshness and size categories
- < net weight in kg
- < date of grading and dispatch
- < name, address and FDA approval number of processor/packer

frozen products (Council Directive 91/493/EC, as amended)

- < species followed by the word "frozen"
- < country of origin
- < presentation
- < net weight in kg
- < list of ingredients (except for fish only)
- < date of minimum durability (month/year) or "best before" date
- < special storage conditions
- < instructions for use
- < name and address of the manufacturer or of a seller in the EC
- < "FDA" approval number of the packer
- < lot number

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